Source Selection, Subcontracting, and CPARs Small Business Considerations

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Topics

- Part 1- Source Selection Factors
- Part 2- Subcontracting Plans
- Part 3- CPARs

PART 1

Small Business
Source Selection Factors

Source Selection

- One source selection factor is “Small Business Utilization”- use of a standard L & M language would alleviate confusion in the evaluation process
- Recommend 10 points vs. usual 5 points for Small Business Utilization
- Revised matrix to require discussion of “complexity” of subcontracted work
- Evaluate past performance on subcontracting plans as part of factor (ISRs plus the DCAA rating letter)
- Strongly suggest inclusion of incentives for small business subcontracting when incentives are used (except sole source)

Section L Sample

Large business Offerors shall provide (1), (2), and (3) below:

1) A copy of the Offeror's latest ISR for each of the contracts identified in the proposal as Past Performance as similar efforts to this solicitation. In addition, provide the Offeror's latest DCMA Subcontracting Program Compliance Rating letter including the attached rating narrative.

2) A table which lists:
a) All its proposed first tier subcontractors individually by name with their addresses, their business type (large, small, small disadvantaged, women-owned, HUB Zone, veteran-owned, service-disabled veteran-owned small, as determined by the SBA size standard for the specific work being subcontracted.

b) The principal service/supply being provided by the subcontractor.

c) The complexity of the service/product provided. A brief narrative on complexity of subcontract services/products must describe;

Product: Complex performance specifications or stringent tolerances;

Services: Advanced professional skills or application of innovative technologies

.

(3) A copy of binding agreements and enforceable commitments executed with the firms identified in the table required by (2) above.

Section L Continued…

A sample table is provided below:

Name of 1st Tier Subcontractor	Subcontractor Address	Type of Business (Large, SB, HUB Zone, SDB (incl. HBCU/MI), WOSB, VOSB, SDVOSB) *List all Applicable Categories*	Principal Supply/Service Provided	Complexity of Product/Service Provided (Brief Narrative)
XYZ Corp.	123 Main St. Anytown, NY 01345	Large	Castings	Manufactured to .01 tolerance
Acme, Ltd.	456 First Ave. Somewhere, NY 54321	SB, SDB, VOSB	Logistics Software	Utilizing ISO 9000 and S100D standards with XML

The CCR & SBA Dynamic Small Business Search (http://ccr.gov) database will be viewed to verify the small business category or categories of the proposed small businesses in the table. The Offerors shall list all applicable business types for which each subcontractor qualifies. The definition of a small business concern is as set forth in 13 CFR 121.105.

NOTE 1: This information is for source selection evaluation purposes only. The Small Business Subcontracting Plan shall be submitted by the Offeror in accordance with FAR 52.219-9 stating cumulative subcontracting goals and for each option in both dollars and percentages of total subcontracted amount.

NOTE 2: Offerors are reminded that all goals accepted and incorporated into the resulting contract will be subject to FAR Clause 52.219-16, "Liquidated Damages-Subcontracting Plan".

NOTE 3: Offerors are reminded that the Small Business Subcontracting Plan (required from large businesses only) shall correlate with the proposal information on small business participation.

Section M Sample

This factor will assess the Offeror's support of the policy by an examination of the following:

(1) The extent to which the prime Offeror has proposed qualified first tier small, small disadvantaged, women-owned, HUB Zone, veteran, and service-disabled veteran-owned small business subcontractors which meet or exceed the following SPAWAR targets for this procurement based upon percent of subcontracted (sometimes total contract value) amount:

Small Business	XX%
Small Disadvantaged Business	5%
Women-Owned Small Business	5%
HUB Zone	3%
Veteran Owned Small Business	3%
Service Disabled Veteran-Owned Small Business	3%

(2) The general extent to which the prime Offeror has attained applicable goals for small business participation under previous U.S. Government contracts that required subcontracting plans, as evidenced by attached ISRs.

(3) The extent of commitment to use all categories of small business firms identified by name in Table at Section L-XX, as evidenced by attached enforceable commitment documents, and the extent of complexity of subcontracted work to small businesses, as evidenced by the narrative description.

*** Items (1) and (2) are equal in importance; items (1) and (2) are each approximately twice as important as item (3).

(*** This may be tailored based on the type of product or services to be bought.)

****PLEASE REQUEST TAILORED TARGETS FROM OSBP BEFORE RELEASE OF RFP****

Part 2

Subcontracting Plans

Determining the Need for a Subcontracting Plan

- **Dollar threshold** FAR 19.702(a)(1) and (2) -total contract/mod value exceeds **$550K** ($1.5M construction)
- **Subcontracting possibilities exist**
- If no possibilities exist- determination must be approved at level above KO & placed in file
- **Special Note:** Request Subcontracting Plans on individual task orders valued over $550K on SeaPort-E or other IDIQ contracts

Types of Subcontracting Plans

- **“Individual Contract Plan”-** covers entire contract period of a specific contract
- **“Master Plan”-** covers all plans for plant or division, 3 year period, pre-negotiated & approved by DCMA, contains all the required elements of individual plan except goals, which are incorporated into individual plans
- **“Commercial Plan”-** applies to total company’s commercial item contracts, pre-negotiated goals cover offeror’s fiscal year

Types…

“Comprehensive Plan”- DCMA-approved company-wide goals/plan for all DoD contracts and subcontracts during a fiscal year – A Special DoD Program (authorized through 2009), with criteria for qualification:

a) Contract Value exceeds $5M
b) Firm must have 3 active DoD contracts
c) Firm must have achieved 5% SDB subcontracting or more (or a Milestone Plan to reach 5% will be required)

Government Subcontracting Plan Evaluation Roles

- Procuring Contracting Officer
- Small Business Specialist
- Small Business Administration (SBA), Procurement Center Representative (PCR)
- DCMA
- Administrative Contracting Officer

What is the (approximate) Government Process?

- Recommended: The PCO obtains ISRs matching past performance identified in the proposal
- May request past rating info from ACO/DCMA
- Pre-Award, the PCO reviews the submitted Plan(s) in accordance with FAR 52.219-9(d) and forwards the Plan, the completed review, and the ISRs to the OSBP and/or DCMA
- The OSBP/DCMA reviews the Plan(s) in accordance with FAR 52.219-9(d) and provides comments to the PCO
- The PCO provides final approval to Contracting Specialist to negotiate or accept as-is (OSBP role is "*advisory*")

Pointers on Subcontracting Requirements

- FAR 19.704 Plan Content Requirements -Must include $ and % goals for each category, even if proposing “0”
- In negotiated acquisitions, Plan may be requested with initial offers or any time prior to award
- Plans **NOT** required for SB contracts, personal services contracts, contracts or modifications performed outside CONUS

Reviewing the Subcontracting Plan

- ✓ A checklist prompts you to cover all FAR requirements
- ✓ Statutory subcontracting goals include: 5% Women-Owned, 5% Disadvantaged (includes HBCU/MI), 3% HUB Zone, and 3% Veteran & 3% Service Disabled Veteran-Owned
- ✓ Past performance on similar contracts (ISRs) provide basis for assessment of "reasonableness" of proposed goals
- ✓ Nine administrative requirements must be present in the Plan

Public Law 100-656 (Sec. 304)

- Specifies criteria for developing attainable goals
- Requires inclusion of contract clause providing for liquidated damages
- Provides opportunity for contractor to demonstrate “good faith” effort
- Confirms that imposition of liquidated damages is subject to the Contract Disputes Act

Government Considerations in Goal Assessment

- Based on past performance, are the proposed goals “reasonable” for this effort?
- Very large goals in one area **may** “balance” low goals in another area
- All zero goals must be questioned
- For federal agencies to accept a Small Disadvantaged (SDB) goal of less than 5%, a justification (memo to file) signed by a level above the KO must be included in the file

What to Look for in the Plan…

- Total goals per year by category, and a roll-up of total dollars/percent for total contract period
- Make sure numbers are correct, and calculated correctly (% of subcontracted $ or total contract value?)
- Sub-category $ totals might not add up to total SB $ total due to possible multiple categories per company
- If a Master Plan, need face page with DCMA signature showing date of agreement AND, if requested by the RFP, an addendum with targets to support this contract
- If a Comprehensive Plan, if requested by the RFP, a description of how the company will support this contract effort

Subcontracting News

- DPAP Memo, Nov 7, 2007 urged small business subcontracting plan compliance be included as a special interest item in future Procurement Management Reviews
- “Small Business Community of Practice” available at DAU website https://acc.dau.mil/smallbusiness
- eSRS fully deployed (electronic subcontract reporting)
- Rothe Case removes SDB & HBCU/MI set-asides and reporting (even inclusion into SDB)

Part 3

Contract Performance Appraisal Reports (CPARs)

Background

- FEB09 CPARS update included new rating element for Utilization of Small Business (SB)
  - Provides more focus & visibility into SB performance, and holds the contractors more accountable for their best efforts
  - Required for all CPARS, including Systems, Services and IT…
  - …Whenever SB subcontracting goals are part of the contract
- Previously, SB Utilization was part of the Subcontract Management rating
- New element rates the following:
  - Contractor's compliance with SB Subcontracting Plan program
  - Whether contractor provides "maximum practicable opportunity" to SBs
  - Contractor's efforts to achieve goals in their Subcontracting Plan
- OSD(AT&L) established new criteria for SB Utilization CPARS colors

SB Subcontracting Plans

- Each contract valued over $550K ($1M for construction) requires a SB Subcontracting Plan
  - Incorporated into the contract
  - Sets goals for % of subcontract $$ to go to SB (by socio-economic classification such as Service-Disabled Veteran-Owned SB)
  - First tier subcontracts only
  - Subcontracting reports required to show performance vs goals
    - Individual Subcontracting Reports (ISR) – for Individual Plans
    - Summary Subcontracting Reports (SSR) – for Commercial & Comprehensive Plans
    - Due in OCT and APR each year

Sources of Evaluation Data

- **Request an small business self-assessment from the contractor – check with your PCO to ensure it's within scope**
- **Add SB utilization to your regular PMRs and other status meetings – the contractor should be providing you with this information as with other programmatic updates – again, check with PCO to ensure it's within scope**
- **SB award fee criteria ratings should be consistent**
- **DCMA has a special group that monitors performance of Comprehensive Subcontracting Plan holders, and releases a yearly evaluation report (the "640" report) - OSBP gets copies**
- **Comprehensive Subcontracting Plan holders do provide some program-specific information for some major contracts - OSBP can provide**
- **Ask the contractor to add you to their list of people to notify when their ISR/SSR reports are posted in eSRS so you can look for them - requires registration in the system**

List

For More Information…

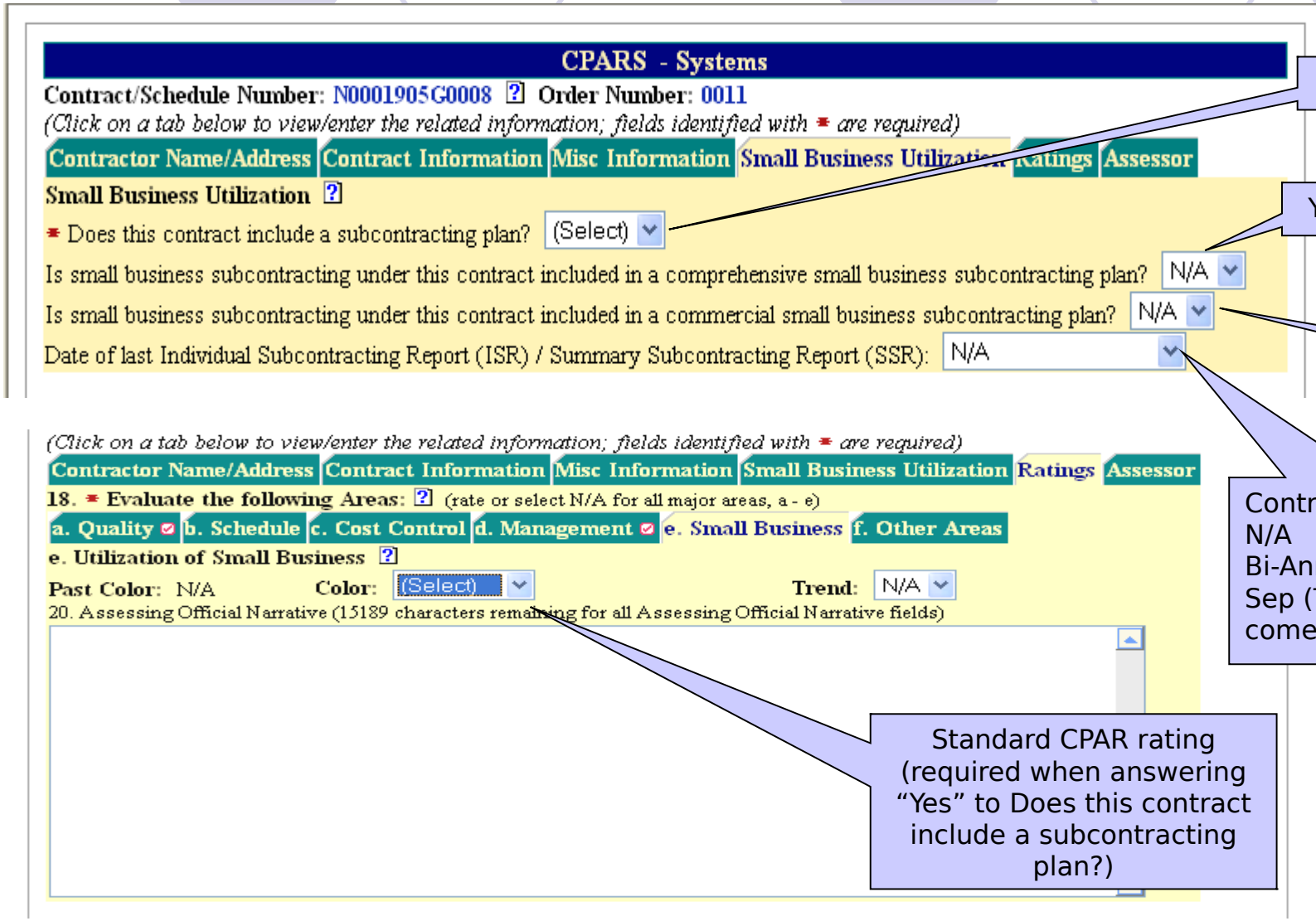
CPARS System – Training, References, Practice, Policy Guide

https://www.cpars.csd.disa.mil

CPARS Help Desk

207 438-1690; email webptsmh@navy.mil

CPARS Initiation


CPARS - Systems
Contract/Schedule Number: N0001905G0008 Order Number: 0011
(Click on a tab below to view/enter the related information; fields identified with * are required)
Contractor Name/Address
Contract Information
Misc Information
Small Business Utilization
Ratings
Assessor
Small Business Utilization
* Does this contract include a subcontracting plan? (Select)
Is small business subcontracting under this contract included in a comprehensive small business subcontracting plan? N/A
Is small business subcontracting under this contract included in a commercial small business subcontracting plan? N/A
Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A
(Click on a tab below to view/enter the related information; fields identified with * are required)
Contractor Name/Address
Contract Information
Misc Information
Small Business Utilization
Ratings
Assessor
18. * Evaluate the following Areas: (rate or select N/A for all major areas, a - e)
a. Quality
b. Schedule
c. Cost Control
d. Management
e. Small Business
f. Other Areas
e. Utilization of Small Business
Past Color: N/A
Color: (Select)
Trend: N/A
20. Assessing Official Narrative (15189 characters remaining for all Assessing Official Narrative fields)

Yes or No

Yes, No or N/A

Yes, No or N/A

Contract Complete
N/A
Bi-Annual date-Mar or Sep (This information comes from the eSRS)

Standard CPAR rating (required when answering “Yes” to Does this contract include a subcontracting plan?)

Comprehensive Subcontracting Plans

- Contractors participating in the Comprehensive Subcontracting Program
  - BAE
  - Bell Helicopter
  - Raytheon
  - Northrop ES
  - Lockheed Martin
  - GE Aviation
  - Textron
  - General Dynamics
  - Hamilton Sunstrand
  - Harris
  - L-3 Comm
  - Pratt & Whitney
  - Sikorsky
- Boeing withdrew from the program in FY07 but some contracts still covered by a Comprehensive Plan
- Northrop IS withdrew from the program in

Compare vendor CAGE code with CSP to ensure contractor's division is covered by that plan

Program-Level Reporting

- DCMA negotiates for “program-level” reporting from some Comprehensive Subcontracting Plan Participants
- Primes get credit for first-tier suppliers only
- Memo citing program-level performance and observations published yearly by DCMA
- Memos are available via NAVSUP OSBP

*Note: Although Boeing no longer under Comprehensive pilot program, they provide the reports for those contracts still in place from when they were in the program. Their program-level performance for all contracts post-FY07 is reported via the contract-specific ISRs

Evaluation Rating Definitions

(1 of 4)

Evaluation Ratings Definitions (Utilization of Small Business)

Rating	Definition	Note
Dark Blue/ Exceptional	Exceeded all negotiated subcontracting goals or exceeded at least one goal and met all of the other negotiated subcontracting goals for the current period. Had exceptional success with initiatives to assist, promote, and utilize small business (SB), small disadvantaged business (SDB), women-owned small business (WOSB), HUBZone small business, veteran-owned small business (VOSB) and service disabled veteran owned small business (SDVOSB). Complied with FAR 52.219-8, Utilization of Small Business Concerns. Exceeded any other small business participation requirements incorporated in the contract, including the use of small businesses in mission critical aspects of the program. Went above and beyond the required elements of the subcontracting plan and other small business requirements of the contract. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.	To justify an Exceptional rating, identify multiple significant events and state how they were a benefit to small business utilization. A singular benefit, however, could be of such magnitude that it constitutes an Exceptional rating. Ensure that small businesses are given meaningful, innovative work directly related to the project, rather than peripheral work, such as cleaning offices, supplies, landscaping, etc. Also, there should have been no significant weaknesses identified.

Source: CPARS Policy Guide

Evaluation Rating Definitions (2 of 4)

Purple/Very Good	Met all of the negotiated subcontracting goals in the traditional socio-economic categories (SB, SDB and WOSB) and met at least one of the other socio-economic goals (HUBZone, VOSB, SDVOSB) for the current period. Had significant success with initiatives to assist, promote and utilize SB, SDB, WOSB, HUBZone, VOSB, and SDVOSB. Complied with FAR 52.219-8, Utilization of Small Business Concerns. Met or exceeded any other small business participation requirements incorporated in the contract, including the use of small businesses in mission critical aspects of the program. Endeavored to go above and beyond the required elements of the subcontracting plan. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.	To justify a Very Good rating, identify a significant event and state how they were a benefit to small business utilization. Ensure that small businesses are given meaningful, innovative work directly related to the project, rather than peripheral work, such as cleaning offices, supplies, landscaping, etc. There should be no significant weaknesses identified.

Source: CPARS Policy Guide

Evaluation Rating Definitions (3 of 4)

Green/ Satisfactory	Demonstrated a good faith effort to meet all of the negotiated subcontracting goals in the various socio-economic categories for the current period. Complied with FAR 52.219-8, Utilization of Small Business Concerns. Met any other small business participation requirements	To justify a Satisfactory rating, there should have been only minor problems, or major problems the contractor has addressed or taken corrective action. There should have been no significant weaknesses identified. Per DoD policy, a fundamental principle of assigning ratings is that contractors will not be assessed a rating lower than Satisfactory solely for
Yellow/ Marginal	Deficient in meeting key subcontracting plan elements. Deficient in complying with FAR 52.219-8, Utilization of Small Business Concerns, and any other small business participation requirements in the contract. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Failed to satisfy one or more requirements of a corrective action plan currently in place; however, does show an interest in bringing performance to a satisfactory level and has demonstrated a commitment to apply the necessary resources to do so. Required a corrective action plan.	To justify Marginal performance, identify a significant event that the contractor had trouble overcoming and how it impacted small business utilization. A Marginal rating should be supported by referencing the actions taken by the government that notified the contractor of the contractual deficiency.

Source: CPARS Policy Guide

Evaluation Rating Definitions (4 of 4)

Red/ Unsatisfactory	Noncompliant with FAR 52.219-8 and 52.219-9, DFARS 252.219-7003, and any other small business participation requirements in the contract. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Showed little interest in bringing performance to a satisfactory level or is generally uncooperative. Required a corrective action plan.	To justify an Unsatisfactory rating, identify multiple significant events that the contractor had trouble overcoming and state how it impacted small business utilization. A singular problem, however, could be of such serious magnitude that it alone constitutes an Unsatisfactory rating. An Unsatisfactory rating should be supported by referencing the actions taken by the government to notify the contractor of the deficiencies. When an Unsatisfactory rating is justified, the contracting officer must consider whether the contractor made a good faith effort to comply with the requirements of the subcontracting plan required by FAR 52.219-9 and follow the procedures outlined in FAR 52.219-16, Liquidated Damages-Subcontracting Plan.

Source: CPARS Policy Guide

Questions???